The Ontario Educational Communications Authority

Annual Report

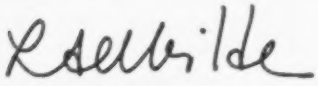
2010-11

TRANSMITTAL LETTER

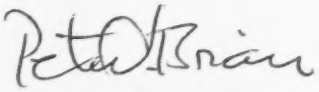
To: The Honourable Leona Dombrowsky
Minister of Education
Queen's Park

We take pleasure in submitting the Annual Report of the Ontario Educational Communications Authority for the fiscal year April 1, 2010, to March 31, 2011. This is done in accordance with Section 13 of the Ontario Educational Communications Authority Act.

Yours sincerely,



Lisa de Wilde
Chief Executive Officer



Peter O'Brian
Chair of the Board of Directors

Mission and Vision Statements and Educational Policy Priorities

Mission

TVO is Ontario's public educational media organization and a trusted source of interactive educational content that informs, inspires, and stimulates curiosity and thought.

Vision

Empowering people to be engaged citizens of Ontario through educational media.

TVO uses its media resources to support the following policy priorities of the Ontario Ministry of Education:

Contribute to school readiness and help kids to be successful learners;

Increase the involvement of parents in their children's education;

Encourage active citizenship and public engagement.

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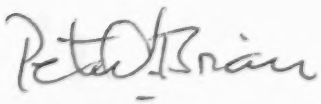
TVO's 40th anniversary was a celebration of the transformation of public educational media in Ontario for the digital age.

What started in 1970 as a bold experiment in television has evolved into an ambitious multi-platform media organization. TVO has always pushed the boundaries of educational media, and forty years later we are one of the most innovative public broadcasters in the world.

We are a proud reflection of Ontario - on TV, online and in communities across the province - providing a powerful and thought-provoking alternative to commercial media for Ontarians of all ages. And our goals have never been clearer: to prepare Ontario's kids for success in school and to help build an engaged citizenry that is bonded by a greater understanding of the important issues and ideas that are shaping our province.

The Board of Directors is responsible for ensuring that we are fulfilling our educational mandate and providing good value to the people of this province. My colleagues on the Board and I applaud the inspired leadership of Lisa de Wilde and the commitment of her team. In a crowded, fragmented and highly commercialized media space, they have guided TVO's programming to new levels of innovation and audience engagement. With strong leadership and a clear mandate, Ontario's public educational television has never been more relevant to people's lives.

The Board wishes to thank the Government of Ontario for its ongoing support of TVO and extend our deepest appreciation to the many thousands of people across the province who support strong public media every year with a financial contribution.



Peter O'Brian

Message from the Chief Executive Officer

Forty years of educational media

As part of our 40th anniversary celebration in the fall of 2010, we invited 40 notable Ontarians into our Toronto studio to share their thoughts on 40 years of TVO. And among this distinguished group of leaders from culture, business, media, education and politics was the founder and creator of TVO, the Honourable William G. Davis.

Mr. Davis had a bold vision to use media to provide educational opportunities for all people in Ontario. He understood that "television", "electronic media" and "education" could be integrated into something very powerful. And four decades after Channel 19 first went to air, TVO is fulfilling his legacy in ways that were unimaginable in 1970.

Technology has transformed every aspect of the media landscape, including the jobs and the work involved in creating content. Most importantly, it has transformed the breadth of content available to people, the way they consume it, and the extent to which they can interact with it.

Television viewing habits are shifting as people consume more video content online. A much wider audience is being reached through TVO's digital strategy. Even without industry-accepted standardized measurements, TVO is seeing a significant online and digital following. The digital revolution has enabled TVO to reach more people, in more ways, and with greater impact than ever before. As TVO's audiences grow dramatically across new platforms, so does the level of engagement with our content and our ability to deliver on our educational mandate.

TVO gives viewers of every age a very rare and important offering: an alternative to the world of instant news, information deluge and content lacking rigour. More than ever before, we serve as a trusted curator of smart content, offering Ontarians of all ages educational experiences and programs that "make you think". As such, we are harnessing the power of educational media to serve the public good in a way that the commercial broadcast market does not.

In this 2010-2011 Annual Report it is my pleasure to share with you some of the new ways that TVO helped give Ontario's children and their parents a head start on learning, opened windows to our complex world and engaged people in province-wide conversations on the big issues that are affecting our world.

Helping kids and parents learn

Ontarians rate TVO as both the "most trusted" and the "most educational" media brand for children in Canada[1]. TVO follows a rigourous development process for every piece of children's content we create, one that sets us apart from other broadcasters. The TVOKids Educational Blueprint ensures that every new TV program, web game or mobile app we create addresses an educational objective of the Ontario school curriculum, is developed with educators and is classroom-tested with students and teachers.

The 2010-11 year kicked off with the re-launch of the TVOKids.com website. With more than 2000 videos and more than 160 educational games, the site is a safe, fun and a valuable educational resource for Ontario's early learners and kids in school. Traffic to the site grew by 16% over the previous year to 3.5 million unique visitors and video streams increased by 89% to 7.6 million.

1. Ipsos Reid omnibus survey

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Aware of the need for tools parents can use to help their kids with homework, we also launched the new TVOKids Homework Zone at TVOKids.com. It aggregates TVO's extensive inventory of curriculum-linked resources into an easy-to-navigate environment where kids can practice concepts they've learned in school and get support for the three core areas of the Ontario curriculum: math, science and literacy. It includes TVOKids shows, web games, teacher videos, printable worksheets, interactive practice tools and study tips. Whether perimeter or patterns, the animal kingdom or outer space, spelling or grammar, the Homework Zone gives parents the opportunity to see how concepts might be taught in class and how they can support their kids' learning at home.

Literacy remains a significant challenge for many Ontario children and TVO is committed to helping kids arrive at school ready to learn. Working with Dr. Janette Pelletier, a leading researcher in early childhood development with the Ontario Institute for Studies in Education, TVO co-developed a six-week community-based family literacy "camp" using TVO programs and web games, with the goal of helping parents help their children learn to read and write. *Literacy Fun for Families* was pilot tested in two schools in the Region of Peel, with families speaking more than a dozen different languages participating. The results speak volumes about the effectiveness of TVOKids resources: those kids who participated in the program and were given access to TVOKids materials had significantly greater gains in early reading, early writing, and phonological awareness than did the kids in the control group. Literacy Fun for Families has tremendous potential to support early literacy: we are working on a plan to roll it out as widely as possible when we secure the necessary philanthropic support.

While new mobile apps are launching all the time, very few are designed to support classroom learning. In August of 2010 TVO participated in the launch of the RIM podcast platform, creating four podcast channels that enable kids to download from an extensive catalog of TVOKids videos focusing on science and math. TVO then followed in March of 2011 with the launch of our first mobile learning applications for BlackBerry smartphones. *Polka Dot Shorts* (for early learners) and *Flower Frenzy* (for kids in school) teach kids the precursors to patterning skills which help build the foundational knowledge required for mathematics in later years. Only two weeks after launching, the apps had been downloaded more than 250,000 times. At the close of the fiscal year they held the number 2 and 4 most downloaded positions in the Blackberry App World Education category.

While TVO creates much of our children's content in our own studios, we also work hand in hand with independent producers to create some of the most innovative educational programming for children on TV today. And we were delighted when the TVO-Sinking Ship Entertainment co-production *Dino Dan* won the Shaw Rocket Prize for Best Children's, Youth or Family Program in Canada. We were equally thrilled when Sinking Ship donated $25,000 of the prize award to TVO to support our Go Public philanthropy campaign.

For high school students, in addition to providing ongoing excellence in distance education, the Independent Learning Centre (ILC) championed new directions in online learning. The ILC delivered Ontario's online math Homework Help service to students in grades 7-10, growing from 16 boards to 32 boards in 2010-11. And we are very proud that the Homework Help website has just been recognized with the Outstanding Achievement Award in the Education category by the Interactive Media Awards.

Helping people understand the world

The centerpiece of our 40th anniversary celebration was the launch of our Public Archive, a free online resource that showcases four decades of made-at-TVO educational programming. It features some of the greatest minds in science and technology such as Richard Dawkins, John Polanyi, Carl

Sagan and Steve Wozniak; interviews with every Ontario Premier since John Robarts; rare moments with Canadian icons like Mordecai Richler, Leonard Cohen and Margaret Atwood; and conversations with leaders like Jane Jacobs, June Callwood and Roberta Bondar. And with the new *Think Again* podcast series, it's also a space where vintage TVO programs have been re-cut and re-mixed to address contemporary issues. This "archive of ideas" helps to add historical context to the political, cultural, social and economic themes TVO is exploring today.

The launch of the Public Archive was a significant milestone. At a time when less than one per cent of Canada's media assets are available online, contributing to the availability of Canadian media voices is something in which we strongly believe. We are very pleased to be able to unlock this content for researchers, filmmakers, students, writers, bloggers and everyone who wants to learn more about Ontario's recent history.

In June of 2010, TVO was the presenting media partner when Professor Stephen Hawking, the world's most famous living scientist, delivered an exclusive presentation at Canada's Perimeter Institute for Theoretical Physics (PI). The special televised event was part of a long-term partnership with PI and a shared commitment to promoting science, math and technology literacy in Ontario. We believe in making science broadly accessible because we know that scientific literacy is essential to the long-term success and prosperity of Ontario. The special broadcast event attracted more than 126,000 viewers, a significant audience for a Sunday evening broadcast, and was an excellent example of the kind of content that only TVO provides.

TVO's popular lecture series *Big Ideas* opened and closed the year with podcasts at the top of the iTunes Higher Education chart with over 1.5 million total podcast downloads. *Big Ideas* is a shining example of a small production with a limited TV audience that has massive appeal in the digital space.

Documentaries play a powerful role in helping people understand the world and have long been an important part of how we fulfill our educational mission. Documentary programming represents more than half of TVO's primetime broadcast schedule. TVO documentaries also make a significant contribution to nurturing the next generation of Ontario filmmakers. A leader in supporting point-of-view (POV) documentaries, TVO commissions more POV docs each year than any other network in the country. In 2010-11 these films tackled issues as diverse as disaster relief, literacy, prison reform, water conservation, inner-city life, and international human rights and justice. TVO docs were honoured at the 2010 Gemini Awards with the prestigious Donald Brittain Award for Best Social/Political Documentary (*Broke.*) and Best History Documentary (*Paris 1919*). And the TVO-commissioned film *A Hard Name* won Best Feature Length Documentary at the 2010 Genie Awards. *Listen to This*, which documents the first year of a music program for at-risk youth in an urban Toronto school, was an Official Selection at the 2010 Hot Docs International Film Festival and won the Top Ten Audience Favourite Award. These are incredible honours for a small organization.

Building citizenship and community

The Agenda with Steve Paikin began its fifth season in the fall of 2010. Five years in, our flagship current affairs program continues to provide the most in-depth analysis of current affairs on Canadian television. With our focus on exploring multiple perspectives through informed debate, we hear every day from viewers how the program has enabled them to understand and engage in the big issues that are affecting the province. And with more engaged citizens the stronger communities will be.

What *The Agenda with Steve Paikin* does best is to ask tough questions about complex issues and then take the time to "go deep". Over the course of the year, the program explored every aspect of civic life in Ontario, from politics to the economy, healthcare, education, energy and the environment, to urban,

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rural and aboriginal affairs. We looked at how science is impacting the way we live, debated Internet privacy, asked how well Canada's immigration system has succeeded and explored the state of the Canadian military, all the while providing ongoing analysis of provincial, national and global affairs that are shaping our world.

In 2010 *The Agenda with Steve Paikin: On the Road* visited London, Brockville and Timmins, initiating a province-wide conversation on reinventing Ontario for the 21st century. A powerful combination of social media, face-to-face idea exchange and live TV, the tour brought thousands together in smart public discourse and enhanced civic engagement.

And we closed out the fiscal year with the first two stops of the *The Agenda On the Road: Your Vote 2011* tour, visiting Ottawa and Hamilton. The tour continued in May and June of 2011 with stops in Niagara-on-the-Lake and Sudbury and we will hold a pre-election wrap up event in the GTA the first weekend of October. While election coverage often tends to focus on the race, the leaders, the rhetoric and the campaign strategy, TVO decided to take a different approach. Rather than framing the 2011 Ontario election issues for Ontarians, our team of talented journalists set out to build a "Citizens' Agenda", asking people across the province what issues are most important to them. It is part of a suite of on air, online and in-the-community resources designed to build greater understanding of the political process and engagement in the issues in the lead up to the election.

We've built an extensive library of digital interactive tools on the yourvote2011.ca website, which we hope will become a hub of vibrant public discourse in the months ahead. This is the kind of immersive educational media experience that Ontarians won't find anywhere else.

Digital innovation and new reach

Our digital presence continued to grow as people engaged in greater and greater numbers with TVO across different distribution platforms: we began a new partnership with Rogers On Demand and Rogers On Demand Online. The streaming of TVO content continued to grow in popularity with our viewers, both on our YouTube channel (2.3 million video streams, up 332% over last year) and on TVO's websites (8.2 million streams, up 87% over last year). Podcasts are also a popular way of experiencing TVO content with 3 million downloads last year. These new distribution platforms, combined with enriched interactive opportunities on our blogs and social media pages, have enabled us to increase our impact significantly. Never before have we been able to reach so many people in so many ways.

As part of our ongoing commitment to reaching new audiences, a number of new advancements came out of TVO's "IdeaShaker" Innovation Lab, an incubator for new digital products and talent in which we work alongside students from Sheridan College's Interactive Multimedia program. In addition to developing educational apps for BlackBerry and Apple smartphones, the IdeaShaker launched two new connected TV apps that bring the Internet to the traditional TV screen and make "made-at-TVO" content available in entirely new ways: Boxee, a newly released set top box, allows users to connect their TV to the Internet, while the Yahoo! TV widget engine is built into several new TVs and allows for web content to be viewed on the TV screen.

Building a financially sustainable organization

Thanks to special capital funding from the Ontario Government, we have put in place, over the last five years, both the technology and the workflows to complete our transformation from a single TVO

channel to a multi-platform media production organization for the digital age. And with the increased operating funding granted in 2011, we achieved a more stable financial footing.

TVO's government operating funding currently represents 70% of our operating budget, which translates into approximately $3.32 per person in Ontario per year. To build a sustainable financial model, TVO is focused on increasing self-generated revenues, expanding them beyond the 30% of our budget they currently represent. These self-generated revenues are derived from several sources, including the ILC and Homework Help contracts, charitable donations and corporate sponsorships, revenues associated with rental of our broadcast transmitters, and to a lesser extent, new digital revenue-share agreements with distribution partners like YouTube.

Our most significant opportunity to increase self-generated revenues is philanthropy. In 2010 we continued to build on our Go Public campaign, which uses a powerful philanthropic message to rally citizens across the province who believe in the power of public educational media to make a difference to life in Ontario. In addition to a greater focus on online giving, we tested new fundraising strategies, a new Go Public web environment focusing on capturing real TVO impact stories from across the province, special on air events and a symbolic giving program. We also renewed our focus on donor stewardship with a new Impact Report and an enhanced e-newsletter.

Looking ahead to 2011-12

For TVO, everything starts with the educational mandate. It's what sets us apart from commercial media, especially as our impact increases online, on mobile, across the province, across cultures and across traditional programming boundaries.

We will continue to support the following three education policy priorities of the province: helping kids become better learners; increasing the involvement of parents in their child's education; and enabling citizen engagement in the province.

New offerings will include new websites for TVOParents.com and TVO.org. These will allow for greater interactivity and more context on the important themes and issues TVO is committed to exploring: politics and current affairs; citizenship and community; science and nature; business and technology; society and culture and parents and education. (This project was scheduled to be completed in 2010-11 but was delayed due to complex technical integration issues).

We will also continue to support the Canadian documentary film industry with the launch of the new TVO *Doc Studio*, an online environment that will both showcase Ontario's most established filmmakers and mentor emerging independent filmmakers alike.

The Agenda with Steve Paikin: On the Road and yourvote2011.ca will continue to build digital resources to engage Ontarians in the issues of the Ontario election. And *The Agenda* will welcome a part-time anchor in veteran journalist Piya Chattopadhyay as well as a new summer program format, offering something new all summer long.

The Independent Learning Centre will expand the Homework Help service to every Ontario English public school board, offering online math support for students in grades 7 to 10. The ILC will also continue to add more courses to its online offerings.

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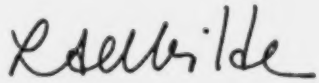
While today's fundraising environment is increasingly competitive and challenging, TVO will continue to reach out to Ontarians with the Go Public philanthropic campaign to obtain support for public educational media. Our philanthropy strategy will focus on both stewarding our existing base of more than 40,000 active donors, while also employing best practices in fundraising to attract, engage and cultivate a new donor base. Bringing new expertise on board, we will strengthen our annual giving program, develop a new major gifts program and seek new corporate sponsorship partners.

To increase self-generated revenues, we will also explore other opportunities to monetize our content, our expertise and our assets, including the monetization of our broadcast signal outside of Ontario. Our IdeaShaker Innovation Lab will be tasked with developing new educational media applications that both extend the reach of TVO's content and have potential for revenue generation. At the same time, we will as always, work hard to create efficiencies and streamline our organization, ensuring we are offering Ontarians excellent value for money.

And on an operational note, we will transition nine of TVO's analog over-the-air transmitters to digital, as required by the CRTC.

It's an exciting road ahead for TVO. We remain committed to delivering on our educational mandate, to making a positive contribution to the social, cultural and economic well-being of our province and to providing excellent value for money for the people of Ontario.



Lisa de Wilde

Performance Highlights 2010-11

TVO's Key Effectiveness Areas:

1. Public Engagement
2. Quality Educational Experience
3. Great Place to Work
4. Operational Effectiveness
5. Innovation and Strategic Growth
6. Financial Performance

1) Public Engagement

TVO impact:

TVO is making an impact on TV, online and in communities across the province, engaging Ontarians in the big issues of the day and reaching more people in more ways than ever before. In addition to over 400 hours of original, in-house broadcast content (most of which is also available online), TVO produced 1,500 pieces of web-exclusive content. Here are some highlights of how TVO reached Ontarians in 2010-11:

- Reached over 10 million Ontarians aged 2+ on TV.
- TVOKids reached 1.2 million Ontario children aged 2-11 on TV.
- Unique visitors to TVO's websites increased: by 12% for TVO.org (1.1 million) and by 16% for TVOKids.com (3.5 million).
- Video streams on TVO's websites increased by 87% to 8.2 million.
- Video streams on TVO's YouTube channel increased 332% to 2.3 million.
- TVO served more than 3 million podcast downloads of TVO-produced programming. (Note that this number reflects a change in the methodology for measuring podcast downloads).
- *Big Ideas* opened and closed the year with podcasts at the top of the iTunes Higher Education category.
- TVO presented or participated in 164 outreach events in 40 Ontario communities.
- TVO produced 30 remote broadcasts or recordings in Ontario communities outside of the Greater Toronto Area (GTA).

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Kids:

Every new program, web game, mobile app, contest, or community event TVOKids produces is designed to help Ontario's kids get excited about learning and ready to succeed in school. Here are just a few of the new initiatives TVOKids presented in 2010-11, with a focus on reading, math and science:

- Introduced new science programs and web activities for preschool and school-age kids including: *Sci-Squad*, *Rob the Robot*, and *Build Math City*.
- Encouraged kids to read through the *TVOKids Reading Challenge*, which invited kids to log their minutes of reading on TVOKids.com. The challenge surpassed its original 100,000 minute goal within weeks and reached over one million minutes before the end of the campaign.
- Reached out into the community with interactive learning events across the province including: *TVOKids' Don't Sit Still* tour; The Word On The Street literary festival; the Earth Hour stage show at the Ontario Science Centre and *Gisèle's Reading Adventure*.
- Through a new partnership with Boys and Girls Clubs of Canada, captured stories from TVOKids Kid Reporters across Ontario. Also used Skype to connect with young viewers across Ontario in our after school programming block, *The Space*.
- Gisèle and her puppet friends Sticks, Jay and Melvin welcomed a new puppet to the *Gisèle's Big Backyard* community. Her name is Tia and she loves to explore.
- Introduced Drew Dafoe, a new TVOKids host in *The Space*.
- Launched four podcast channels for the new BlackBerry podcast platform focused on the hard-to-teach subjects of math and science.
- Launched two new mobile learning apps for BlackBerry smartphones, which teach kids precursors to early patterning skills.

Parents:

In 2010-11 TVOParents.com continued to build on its collection of online resources that help Ontario's parents be active and engaged partners in their kids' education.

- Launched a parent-focused online book club on TVOParents.com, providing opportunities for parents to get advice and share information on books that will nurture their children's literacy skills and love of reading.
- TVOParents.com was the presenting partner for the Building Blocks for Education conference, an international summit of education experts in September 2010 and for Making Connections, the annual conference on public education hosted by the parent-led People for Education in November. By capturing and making conference content available at TVOParents.com, we gave parents front-row access to education and early-years experts.
- TVOParents.com joined *The Agenda on the Road* in Ottawa and Hamilton, exploring regional education issues with local educators, parents and members of the community.

Adults:

Whether through made-at-TVO current affairs programs, documentaries, in-the-community events or interactive web applications, TVO offered innovative content that enabled Ontarians to understand our world and engage in the big issues affecting our province. Here are some highlights:

- Launched TVO's Public Archive, a curated online collection of historic TVO programs featuring interviews with some of the leading thinkers of our time.
- Launched the fifth season of *The Agenda with Steve Paikin* and introduced four new guest essayists who offer different perspectives on important issues and ideas.
- *The Agenda with Steve Paikin: On the Road* series kicked off its Your Vote 2011 tour with stops in Ottawa and Hamilton, engaging communities and citizens in key priorities for the 2011 provincial election. The tour continued in Niagara-on-the-Lake and Sudbury and will also include a pre-election stop in the GTA in October of 2011.
- Examined issues facing new Canadians in a special five-part series on immigration on *The Agenda with Steve Paikin*.
- Launched the World of Wonder science strand in September 2010, with a focus on building essential 21st century literacy skills in science and math for all Ontarians. Its offerings integrated content throughout our programming schedule, websites and in-person community events. Inspiring the next generation of scientists and mathematicians is essential to the long-term success and prosperity of Ontario.
- Partnered with Canada's Perimeter Institute for a special televised presentation with Dr. Stephen Hawking, the world's most famous living scientist. "Hawking at the Perimeter" was part of TVO's on-going commitment to promoting science, math and technology literacy in Ontario.
- *Civics 101*, TVO's political literacy site, launched Persuasion, an innovative tool that uses interactive gaming to engage users in the roles they can play in shaping Ontario communities. It immerses players in issues ranging from health care and the environment to the economic well-being of the community.
- Continued to foster the next generation of Canadian documentary filmmakers. A few of the many documentary highlights from the year include the acclaimed three-part, multi-platform TVO-commissioned documentary *Inside Disaster: Haiti*, Genie Award winning documentary *A Hard Name* and the Gemini Award winning documentary, *Broke.*, along with *Listen to This*, all co-produced by TVO.
- TVO, in partnership with q media solutions, created a series of 75 documentary shorts celebrating people who make a difference in their schools, communities and through their work. The companion website, Getinvolved.ca, was created to provide the tools to transform inspiration into action. The website is a community for individuals, not-for-profits, charities and community organizations wanting to connect to one another and make a difference.
- TVO launched its 40th anniversary with a kick-off event at The Word On The Street festival in Toronto. Anniversary initiatives included an Ontario-wide "Where's Polkaroo?" photo contest along with opportunities to Go Public with financial support for TVO.

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2) Quality Educational Experience

TVOKids/TVOParents.com:

All of our made-at-TVO children's content is developed using the rigourous TVOKids Educational Blueprint process, which includes teacher and classroom testing to ensure its effectiveness. Recognizing the important role parents play in their child's education, TVOParents.com seeks to empower parents and caregivers to take an active role in supporting their child's formal education. Here are some new offerings for 2010-11:

- Launched the TVOKids Homework Zone, a new micro-site that provides a fun, creative space focused on some of the hardest to learn subjects in school. Homework Zone features TVOKids' curriculum-linked resources including videos, games and printables from experts in math, science and language.
- Created *Literacy Fun for Families*, the first TVO/Ontario Institute for Studies in Education (OISE) pilot project, designed to equip families with essential literacy and numeracy-building tools and skills to prepare early learners for the kindergarten classroom. Dr. Janette Pelletier, Director of the Dr. Eric Jackman Institute of Child Study and Associate Professor at OISE is leading a study on the effectiveness of the *Literacy Fun for Families* program. Preliminary results show that the kids who participated in the program using TVO materials had greater gains in early reading, early writing, and phonological awareness than those who did not. The OISE research team is also conducting a longitudinal study that is following the children involved in the pilot project through their kindergarten year to assess the longer-term results of these early gains.

ILC:

The Independent Learning Centre continued to provide the highest quality distance education services to Ontarians seeking to complete high-school courses or acquire their GED. Here are some highlights:

- For the 2010-11 academic year, the ILC delivered an expanded version of Ontario's online math Homework Help resource (homeworkhelp.ilc.org) for kids in designated school boards in grades 7 to 10. The program grew to 32 boards throughout the province and 76 schools in the TDSB. Over the academic year there were 396,867 site visits and more than 250,000 visits to the chat room.
- Delivered 18 new courses: 9 in English and 9 in French.
- Moved the top 11 most highly enrolled university prep courses into an online delivery format.
- Increased enrolments by 5% ending the year with 24,146. Over 6,338 students who already have a diploma and need specific credits for post-secondary entry enrolled with the ILC.
- GED registrations remained steady with a total of 6,758.
- Increased unique web visits to 462,277 at ILC.org.
- Won the Interactive Media Award for Outstanding Achievement for the ILC website. (Shortly after the end of the fiscal year the Homework Help website was also recognized internationally with the Outstanding Achievement Award from the Interactive Media Awards).
- ILC founded the Ontario chapter for UNESCO's International Adult Learners' Week.

3) Great Place to Work

We are developing a learning organization that focuses on innovation in order to maximize our impact across the province and on training in order for our employees to be successful in today's digital media environment.

- Achieved an 8% increase in the overall employee satisfaction rate in TVO's second annual Employee Survey and implemented an action plan for continuous improvement based on the results of the survey.
- Launched a new recognition program that includes the individual Polkaroo Award for excellence and innovation and the team Pass-Around Award for collaboration on projects that have demonstrated positive results both internally and externally. Launched a "Kudos Corner" on the intranet to permit peer-to-peer recognition.
- Held three All-TVO town hall meetings as a platform for communication and recognition.
- Further engaged employees on the myTVO intranet site by adding additional tools for collaborating and sharing of information through the Learning@TVO community.
- Continued the organization-wide commitment to training, with a focus on developing effective leadership skills and new opportunities to maximize our new digital "tapeless" workflow (DTW) processes.
- Rolled out an organizational Performance Agreement system whereby every department, manager and employee identified performance metrics.

4) Operational Effectiveness

In 2010-11, the digital "tapeless" workflow process (DTW) became standard practice, providing operational agility and enabling new forms of content distribution:

- Over 5,400 hours of content were digitized from tape and field production into TVO's digital archive including some long lost treasures that were made available on TVO's Public Archive.
- Produced, archived and broadcast "tapelessly" over 400 hours of finished TV content. Also created 1,500 pieces of web-exclusive content.
- Over 8,300 separate podcasts and videos were delivered to TVO web properties and distribution partners such as Yahoo! Canada, YouTube, iTunes, BlackBerry and Rogers on Demand and Rogers on Demand Online.
- Streamlined processes to make *The Agenda with Steve Paikin* available for download on iTunes as a podcast for the next day's morning commute.
- Launched a weekly live stream on Facebook of *The Agenda with Steve Paikin*.
- Rogers Cable connected to TVO's new HD digital Master Control and the HD version of TVO.
- Finalized plans, obtained licenses and began implementation to convert 9 transmitters in the mandatory markets to digital over-the-air (OTA) by August 31, 2011, in compliance with CRTC requirements.

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5) Innovation and Strategic Growth

Innovative digital media platforms and partnerships are allowing us to significantly extend the reach of our content. In addition to providing more interactive opportunities than ever before, our focus on digital innovation and new digital applications allows us to explore new sources of self-generated revenue in the digital space:

- TVO content was featured in the launch of BlackBerry's new podcast platform including 4 new video podcast channels. This builds on our extensive inventory of content available as a podcast on iTunes.
- Launched two new mobile learning apps for BlackBerry smartphones: *Polka Dot Shorts* and *Flower Frenzy*. Both apps teach kids precursors to early patterning skills which help build the foundational knowledge required for mathematics in later years. The apps were downloaded from BlackBerry App World over 250,000 times within the first two weeks of launching and closed the year in the number 2 and 4 most downloaded positions in the Blackberry App World Education category. This builds on the success of TVO's first educational iPhone app for kids which was launched last year.
- TVO and TVOKids educational content launched on Rogers on Demand and Rogers on Demand Online.
- TVO launched a number of new and innovative connected TV apps for Boxee and Yahoo! TV that bring the internet to the traditional TV screen and that make *Gisèle's Big Backyard*, *The Space*, *The Agenda with Steve Paikin* and *Allan Gregg in Conversation* available to a new audience in a new format.

6) Financial Sustainability

Building a sustainable financial model for the future continues to be a priority for TVO and in 2010-11 we focused on building revenue capacity and identifying efficiencies across the organization.

Current year revenues benefited from:

- An increase in base government funding to support the distribution of TVO's content across multiple platforms.
- An expansion of the Homework Help program that TVO administers under contract for the Ministry of Education.
- 40,000 Ontarians and 120 TVO staff making a charitable donation to TVO in 2010-11, contributing just over $4.0 million to revenues.
- Increased self-generated revenues from TVO's transmitter network, as TVO provided services to other broadcasters who, like TVO, are working on converting analog over the air transmitter networks to digital.

In addition, work was undertaken to build the foundation for increasing self-generated revenues in future years:

- Investigated alternative strategies for monetizing TVO's broadcast signal and identified opportunities to be pursued.
- Focused on building a team with the necessary expertise to grow TVO's philanthropy program in the coming years and tested several new annual giving initiatives, including:
    - Created special Go Public television fundraising campaigns.
    - Launched an improved Go Public website focused on demonstrating the impact of TVO's programs and services and driving on-line donations, which increased 60% over the previous year.
    - Improved donor stewardship including the creation of TVO's Impact Report.
    - Tested a symbolic giving program.
    - Conducted donor outreach at public events like *The Agenda with Steve Paikin: On the Road* and TVO's 40th Anniversary kickoff at The Word On The Street.
- Continued to build new revenue streams via digital content distribution partnerships with iTunes, YouTube and new partners Rogers on Demand / Rogers On Demand Online. While these revenues are a slow build for most players, TVO is well positioned to leverage our in-house content once revenue models become clearer.
- Developed and successfully piloted a stand-alone family literacy program for which a financial model is currently being developed.

At the same time, TVO continued to examine its operations in order to identify efficiencies, the savings from which were re-allocated to support TVO's expanding breadth of multi-platform content.

An overview of Financial Performance and the Audited Financial Statements begin on page 29 of this report.

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Genie Awards

* * *

Best Feature Length Documentary:
A Hard Name - TVO commissioned

Gemini Awards

* * *

TVO received 27 Gemini Award nominations

* * *

Donald Brittain Award for Best Social/Political Documentary Program:
Broke. – TVO co-production

* * *

Best Pre-School Program or Series:
The Ocean Room – TVO co-production

* * *

Best Biography Documentary Program:
Genius Within - The Inner Life of Glenn Gould – To air on TVO in 2011

* * *

Best Cross-Platform Project – Children's and Youth:
Taste Buds – TVO multi-platform co-production

* * *

Best History Documentary:
Paris 1919 – TVO co-production

* * *

Best Original Music Score for a Documentary Program or Series:
Cat Ladies – TVO co-production

* * *

Masterworks Award:
Polka Dot Door – TVO production

Shaw Rocket Prize

* * *

Best Canadian Children's Program:
Dino Dan – TVO co-production
(Sinking Ship Entertainment donated half of the $50,000 prize
to TVO's philanthropic Go Public campaign)

Planet in Focus International Festival

* * *

Best Canadian Feature Film:
Water on the Table – TVO co-production

Applied Arts Interactive Awards

• • •

Best/Reference Category and Best Gaming Category
Inside Disaster: Haiti – TVO co-production

The Interactive Media Awards

• • •

Outstanding Achievement Award in Educational Category:
Independent Learning Centre website

Academy Awards: Oscar Nomination

• • •

Oscar Nomination for Best Short Film (Animated):
The Gruffalo – Canadian Premiere

In addition, TVO was recognized for these outstanding achievements:

Promax|BDA Promotion and Marketing Awards

• • •

Gold – Best Voice Over:
Sacrifice Redemption (9 pm Dramas)

• • •

Gold – Best Program Promotional Out of House:
Remembrance Day ID

• • •

Gold – Best Live Action Kids Spot:
TVOKids Reading Challenge

Canadian Marketing Association Awards

• • •

Gold – Digital Interactive Award:
Short Story on TVO's Twitter Campaign (***Empire of the Word***)

• • •

Silver – Media Innovation Award:
TVO's overall campaign (09-10) including
TV, online, online video, newspaper and the use of live events.

• • •

Bronze – Integrated Awards:
TVO's overall campaign (09-10) including
TV, online, online video, newspaper and the use of live events.

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We thank the thousands of donors who supported strong public educational media in Ontario by making financial contributions to TVO. Their support allows TVO to reach even more Ontarians and to make an even greater impact across the province.

Corporate and Community Supporters

TVO would like to thank the following corporations and organizations for their outstanding leadership and commitment to our mandate:

The Agenda with Steve Paikin Partners

- **Institute of Chartered Accountants of Ontario (ICAO)**

  The Institute of Chartered Accountants of Ontario is the proud presenting sponsor of TVO's flagship current affairs program, *The Agenda with Steve Paikin*. On air, online and in the community, there is no other program on television today with the depth of analysis and dedication to citizen engagement as *The Agenda*.

Children's Literacy Partner

- **TD Bank Financial Group**
  TD Reading Rangers/Gisèle's Big Backyard Book Club

  The TD Bank Financial Group is the proud presenting partner of *TD Reading Rangers*. This entertaining on air and online series promotes books, reading and libraries to the children of Ontario. Boosting literacy, language skills and social development, the series features the popular TVOKids hosts as Reading Rangers – daring and dauntless heroes of the Wild West who make books their business!

  TD Bank Financial Group's commitment to literacy also extends to *Gisèle's Big Backyard Book Club*, which inspires early learners and their parents to read every day, and in everyday situations. Every month Gisèle reads a new book out loud to young viewers, encourages families to visit the local public library to find the featured title and also join the book club online at TVOKids.com. The books, all by Canadian writers, are selected by the Ontario Library Association and TVO's own consultants, and cover a wide range of topics that reflect Canada's rich cultural diversity.

Healthy Minds – Healthy Bodies Partners

- **EatRight Ontario, Egg Farmers of Ontario and Sun-Rype**
  TVOKids' *Don't Sit Still* Tour

  Presented by EatRight Ontario, with sponsorship in part by Egg Farmers of Ontario, and our new sponsor, Sun-Rype (as of March 2011), the *TVOKids Don't Sit Still* tour travels with the TVOKids hosts across Ontario to present a free live stage show that promotes a healthy and active lifestyle to kids of all ages. This high-energy interactive performance inspires children - and even their parents - to stay active and eat healthy.

  Funded by the Government of Ontario, EatRight Ontario offers both telephone and website services with evidence-based nutrition information and free advice. Ontarians can speak one-on-one with a Registered Dietitian Monday to Friday from 9 to 5, and on Tuesday and Thursday evenings until 9 pm by calling 1-877-510-5102 toll-free. The EatRight Ontario Call Centre has the capacity to serve Ontario callers in more than 110 languages and the online "ask-a-dietitian" service available at ontario.ca/eatright provides answers to questions within 48 hours.

  Egg Farmers of Ontario is a farmer-run association dedicated to providing Ontarians with local, fresh and high quality eggs at a reasonable price.

  Sun-Rype Products Ltd. is a Canadian juice and fruit snack company based in Kelowna, BC, in the heart of the Okanagan Valley. Since 1946, they have been providing families with delicious, wholesome juices and fruit snacks.

TVO would like to recognize the following content and curriculum partners for their support:

- Andrew Fleck Child Care Services
- Athletes for Africa & GuluWalk
- Big Backyard Art Council
- Bowmanville Zoo
- Bowmore Rd Community Daycare
- Boys and Girls Clubs of Canada
- Brampton-Georgetown Montessori School
- The Canadian Children's Book Centre
- Early Years Centre, Ottawa South
- E-Learning Ontario
- Family Day Care Services
- Friends of the Greenbelt
- HIPPY Canada
- Jungle Cat World
- Kids Help Phone
- The Kingsway Conservatory of Music
- Let's Talk Science/Wings of Discovery
- Oakville Academy for the Arts
- Ontario Institute for Studies in Education (OISE)
- Ontario Library Association
- Ontario Science Centre
- Perimeter Institute for Theoretical Physics
- The Royal Conservatory of Music
- Royal Ontario Museum
- The Santa Claus Parade
- Sheridan College Early Education Childhood Department
- Toronto Catholic District School Board
- Toronto District School Board
- Toronto French School
- The Toronto Zoo
- University of Toronto – Munk Centre for International Studies
- York Region District School Board

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OECA employees paid $100,000 or more in 2010-11:

NAME:	POSITION:	SALARY	TAXABLE BENEFITS
AQUINO, EDNA	Controller	$101,167.56	$850.98
ARNOLD, CLARA	Vice President, Human Resources	$155,500.02	$1,307.54
CROCKER, ROB	Chief Financial Officer	$171,634.64	$1,399.79
CHAPELLE, NANCY	Managing Director, Content and Programming	$167,175.84	$8,725.33
DE WILDE, LISA	Chief Executive Officer	$242,788.00	$1,399.79
DUNSKY, DAN	Executive Producer, *The Agenda with Steve Paikin*	$137,913.88	$1,159.08
ELLINGSON, PAT	Creative Head, Children's Media Content and Programming	$144,529.84	$1,214.98
IRWIN, SARAH	Managing Director, Independent Learning Centre	$137,360.60	$1,156.22
JONES, BRUCE	Director, Independent Learning Centre, Interactive and Publishing	$114,995.92	$965.90
KEHOE (JAVET), JILL	Vice President, Corporate Relations	$119,999.88	$1,007.76
KRAMER, ERIKA	Vice President, Distribution Services	$124,999.94	$4,213.25
LEBLANC, MARK	Director, Legal Services & Business Affairs	$135,525.52	$1,139.58
MYERS, LAURA	Manager, Labour and Employee Relations	$100,296.30	$842.66
PAIKIN, STEVE	Host/Producer	$279,258.94	$4,789.67
RAYMENT, STEVE	Director, Marketing	$133,250.00	$1,119.82
ROBINSON, JUDITH	Director, Independent Learning Centre, Curriculum	$114,553.63	$965.90
SLIVINSKAS, TODD	Chief Technology Officer	$148,500.04	$1,248.78
SOBIE, JO-ANNE	Director, Philanthropy and Sponsorship	$100,557.56	$860.96
TRAMONTIN, MARA	Director, Program Business Management	$128,124.88	$1,077.96
WONG, WINNIE	Vice President, Business Development, Revenue and Marketing	$160,000.10	$4,736.42

Prepared in accordance with the *Public Sector Salary Disclosure Act, 1996*

Board of Directors

Peter O'Brian
President, Independent Pictures Inc. (Toronto)

Chair of the Board (Audit & Governance Committees)
First term: November 1, 2005 – October 31, 2008
Second term: November 1, 2008 – October 31, 2011
Third term: November 1, 2011 – October 31, 2012

Ajay Agrawal
Professor of Entrepreneurship, Rotman School of Business (Toronto)

Member (Audit Committee)
First term: April 11, 2007 – April 10, 2010

Nana Barnor
Pediatrician, Humber River Regional Hospital (Toronto)

Member (Governance Committee)
First term: August 12, 2009 – August 11, 2012

Judy Blank
Retired teacher (St. Catharines)

Member (Governance Committee)
First term: May 16, 2007 – May 15, 2010
Second term: May 16, 2010 – May 15, 2013

Penny Eizenga
Retired executive (London)

Member (Governance Committee)
First term: May 16, 2007 – May 15, 2010
Second term: May 16, 2010 – May 15, 2013

Kambiz Kazemi
Polar Securities (Toronto)

Member
(Chair of the Audit Committee since September 20, 2007)
First term: April 11, 2007 – April 10, 2010
Second term: April 11, 2010 – April 10, 2013

Diane Kelly
General Counsel, Queen's University (Kingston)

Vice-Chair
(Chair of the Governance Committee since February 26, 2009)
First term: May 30, 2007 – May 29, 2010
Second term: May 30, 2010 – May 30, 2013

Ray Paradis
Retired teacher (Temiskaming Shores)

Member (Audit Committee)
First term: June 27, 2007 – June 26, 2011

Geetu Pathak
Business Executive (Toronto)

Member (Audit Committee)
First term: May 3, 2010 – May 2, 2013

Judith Robertson
President and CEO, Belzberg Technologies Inc. (Toronto)

Member (Audit Committee)
First term: May 9, 2007 – May 8, 2010
Second term: May 9, 2010 – May 8, 2013

The honorarium paid to the Board in 2010-2011 was $21,900, including the part-time Chair.
This amount is based on levels of remuneration set by the Lieutenant Governor in Council.

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Representing the major economic regions of the Province, our unique volunteer advisory network is an integral part of our community outreach, helping to deliver our message to citizens across the province and providing valuable local community feedback on our programs and services.

Steve Andrusiak, London
Calvin Bowry, Kingston
Janice Brant, Deseronto
Jorge Campos, Willowdale
Jae Chong, Richmond Hill
Keith Clingen, Martintown
Jean Foster, Windsor
Tony Gaspar, Manitouwadge
Art Grady, Port Elgin
Colette Grant, Rockland
Kem Hamid, Markham
David Holmes, Oakville
Margaret Howard, Leith
Thando Hyman, Scarborough
Sona Khanna, Oakville
Eugene Lefrancois, Kaministiquia
Devon McKinnon Ottertail, Dryden
Mark Mannisto, Sudbury
Rick McCutcheon, Little Current
Andy Merchant, Thornhill
Lise Moore Asselin, Mattawa
Tamara Needham, Marathon
Christina Noël-Blazecka, Cochrane
Upali Obeyesekere, Toronto
Monika Osinska, Toronto
Kim Pirie-Milko, Kenora
Gary Rainbird, Sault Ste. Marie
Becky Rogers, Peterborough
Margaret Sedgwik, Fort Frances
Stewart Wayne Sinclair, Chatham
Donna Smith, Markstay
Sheila Soden, Cobourg
Marc St. Germain, Ottawa
John Storm, St. Catharines
Pam Wolf, Cambridge
Greg York, Mississauga

Financial Performance 2010-11

For the fiscal year ended March 31, 2011 TVO realized a surplus of revenues over expenses of $109,000, an improvement of $5.6 million over the deficit of $5.5 million in the prior year. The improved results reflect an 8.3% increase in TVO revenues and a 1.1% decrease in TVO expenditures.

Revenues

The 8.3% increase in TVO revenues, from $59.6 million in 2009-10 to $64.5 million in 2010-11, resulted from an increase in government funding and higher self-generated revenues.

Government funding of TVO operations increased by $4.4 million, or 11.1%, from $39.5 million in 2009-10 to $43.9 million in 2010-11. The increase in government funding reflects:

- An increase of $5.7 million in operating grants to support the distribution of TVO's content and programs across multiple platforms.
- A decrease of $1.3 million in capital project funding, as the digital re-build of TVO's content production, content management and content distribution facilities wound down in 2010-11.

TVO's self-generated revenues increased $0.9 million to $18.3 million for 2010-11 from $17.4 million in 2009-10. The increase in self-generated revenues reflects:

- An increase in Independent Learning Centre (ILC) revenues of $1.0 million, resulting from an increase in ILC student enrolment fees ($0.1 million) and an expansion of the Homework Help program that TVO administers under contract for the Ministry of Education ($0.9 million).
- An increase of $0.1 million in revenues from TVO's transmitter network, as TVO provided services to other broadcasters who, like TVO, are working on converting over the air transmitter networks to digital.
- A decrease in other self-generated revenues of approximately $0.2 million resulting from small decreases in sponsorship revenues and third party production project funding.

Expenditures

TVO's operating expenditures decreased from $65.1 million in 2009-10 to $64.4 million in 2010-11, a savings of $0.7 million or 1.1%. The decrease in expenditures reflects a decrease in project spending due to a decrease in capital project funding ($1.3 million) and a general reduction of expenditures across the organization ($0.7 million), offset by increased expenses for philanthropy ($0.4 million) and ILC costs of delivering an expanded Homework Help program ($0.9 million).

The general reduction in expenditures across the organization reflects an ongoing initiative to examine processes and identify operational efficiencies that result in savings. Examples of these savings include the reuse and repurposing of made-at-TVO content, resulting in a reduction in the hours of content acquired; a transition to electronically delivered ILC course materials; and utilization of technology to reduce processing time and labour hours.

The expenditure increase relating to ILC's delivery of Homework Help, from $0.7 million in 2009-10 to $1.6 million in 2010-11, reflects a doubling of the size of the program, as well as investments made in the delivery platform to support continued growth in future years.

The increase in philanthropy expenditures (individual and corporate donations) from $2.3 million in 2009-10 to $2.7 million in 2010-11 reflects an investment in building a strategy and putting in place a team with the necessary expertise to grow TVO's philanthropy program in the coming years.

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Management's Responsibility for Financial Statements

A letter from the Chief Executive Office on behalf of Management

Management's Responsibility For Financial Statements

The accompanying financial statements of the Ontario Educational Communications Authority have been prepared in accordance with Canadian generally accepted accounting principles and are the responsibility of management. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been properly prepared within reasonable limits of materiality and in light of information available up to June 23, 2011.

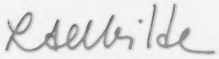
Management maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities. The Internal Audit Department independently evaluates the effectiveness of these internal controls on a periodic basis and reports its findings to management and to the Board of Directors.

tvo.org

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal controls. The Board reviews and approves the financial statements. The Audit Committee of the Board meets periodically with management, Internal Audit, and the Office of the Auditor General of Ontario to discuss audit, internal control, accounting policy, and financial reporting matters.

The financial statements have been audited by the Office of the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with generally accepted accounting principles. The Auditor's Report, which appears on the following page, outlines the scope of the Auditor General's examination and opinion.

On behalf of Management:



Lisa de Wilde
Chief Executive Officer

2180 Yonge Street, Box 200, Station Q, Toronto ON, Canada M4T 2T1 t: 416 484 2600

Auditor's Report

A letter from the Office of the Auditor General of Ontario

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Independent Auditor's Report

To The Ontario Educational Communications Authority
and to the Minister of Education

I have audited the accompanying financial statements of The Ontario Educational Communications Authority, which comprise the statement of financial position as at March 31, 2011, and the statement of operations, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Ontario Educational Communications Authority as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

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www.auditor.on.ca

Toronto, Ontario
June 23, 2011

Gary R. Peall, CA
Deputy Auditor General
Licensed Public Accountant

Audited Financial Statements 2010-2011

Statement of Financial Position

As of March 31, 2011

($000s)		2011	2010
Assets			
	Current Assets		
	Cash and short-term investments (note 4)	14,913	11,428
	Accounts receivable (note 4)	1,251	906
	Prepaid expenses	750	942
	Inventories	152	150
		17,066	**13,426**
Broadcast rights and production costs (note 8)		**15,820**	**17,162**
Accrued pension asset (note 5)		**2,126**	**1,110**
Investments held for Capital Renewal (note 6)		**5,596**	**5,692**
Net Capital Assets (note 7)		**16,857**	**19,719**
Total Assets		**57,465**	**57,109**
Liabilities And Equity			
	Current Liabilities		
	Accounts payable and accrued liabilities	8,966	8,100
	Deferred revenue (note 9)	1,756	1,374
		10,722	**9,474**
	Non-Current Liabilities		
	Deferred capital contributions (note 10)	14,501	16,052
	Employee future benefits (note 5)	9,622	8,873
	Asset retirement obligation (note 7)	937	1,136
		25,060	**26,061**
	Equity		
	Invested in broadcast rights and production costs	15,668	16,883
	Invested in capital assets	6,915	8,101
	Restricted – Accrued pension asset	2,126	1,110
	Unrestricted	(3,026)	(4,520)
		21,683	**21,574**
Total Liabilities and Equity		**57,465**	**57,109**

Commitments and Contingencies (notes 14 and 17).
See accompanying Notes to Financial Statements.

On behalf of the Board:

Chair

Director

Statement of Operations

For the year ended March 31, 2011

($000s)	2011	2010
Revenues		
Government operating grants (note 11)	43,376	37,640
Independent Learning Centre (note 17)	11,040	9,984
Other earned revenue (note 13)	7,290	7,419
Government and corporate project funding (note 12)	534	1,879
Amortization of deferred capital contributions (note 10)	2,266	2,633
	64,506	**59,555**
Expenses		
Content and programming	25,949	26,260
Technical and production support services	12,883	13,452
Independent Learning Centre (note 17)	10,113	9,513
Management and general expenses	5,652	6,001
Cost of other earned revenue (note 13)	2,803	2,454
Amortization of capital assets and accretion expense	4,723	5,195
Employee future benefits (note 5)	2,274	2,223
	64,397	**65,098**
Excess/(Deficiency) of revenues over expenses	**109**	**(5,543)**

See accompanying Notes to Financial Statements.

Audited Financial Statements 2010-2011

Statement of Changes in Equity

For the year ended March 31, 2011

($000s)					2011	2010
	Invested in Broadcast Rights and Production Costs	Invested in Capital Assets	Restricted Accrued Pension Asset	Unrestricted	Total	Total
Balance, beginning of year	16,883	8,101	1,110	(4,520)	21,574	27,117
Excess/(deficiency) of revenues over expenses	(9,024)	(2,365)	(1,380)	12,878	109	(5,543)
Invested in assets during the year	7,809	1,179	-	(8,988)	-	-
Pension contributions			2,396	(2,396)	-	-
Balance, end of year	**15,668**	**6,915**	**2,126**	**(3,026)**	**21,683**	**21,574**

See accompanying Notes to Financial Statements

Statement of Cash Flows

For the year ended March 31, 2011

($000s)	2011	2010
Operating Activities		
Excess/(Deficiency) of revenues over expenses	109	(5,543)
Add/(deduct) non-cash items:		
Amortization of capital assets	4,831	5,134
Accretion expense	(108)	61
Amortization of deferred capital contributions	(2,266)	(2,633)
Amortization of broadcast rights and production costs	9,151	10,163
Pension expense	(1,016)	(1,540)
Post retirement benefits	749	633
Gain on disposal of capital assets	(92)	(36)
Net changes in non-cash working capital:		
Accounts receivable	(345)	(80)
Inventories	(2)	61
Prepaid expenses	192	(300)
Deferred revenue	382	310
Accounts payable and accrued liabilities	866	(1,084)
Cash provided by operating activities	**12,451**	**5,146**
Investing and Financing Activities		
Broadcast rights additions	(7,809)	(9,814)
Capital asset additions	(1,971)	(2,556)
Current year's deferred capital contributions	811	1,386
Proceeds from disposal of capital assets	3	40
Cash used in investing and financing activities	**(8,966)**	**(10,944)**
Net increase (decrease) in cash position during the year	**3,485**	**(5,798)**
Cash and short-term investments, beginning of year	**11,428**	**17,226**
Cash and short-term investments, end of year	**14,913**	**11,428**

See accompanying Notes to Financial Statements

Notes to Financial Statements

March 31, 2011

1. AUTHORITY AND MANDATE

The Ontario Educational Communications Authority (the "Authority") is a Crown Corporation of the Province of Ontario that was created in June 1970 by the Ontario Educational Communications Authority Act. In accordance with the Act, the Authority's main objective is to initiate, acquire, produce, distribute, exhibit or otherwise deal in programs and materials in the educational broadcasting and communications fields. The Authority is licenced by the Canadian Radio-television and Telecommunications Commission ("CRTC") to broadcast English-language educational television programs. The broadcasting licence is subject to renewal by the CRTC and the current licence is for the period September 1, 2008 to August 31, 2015.

The Authority is a registered charitable organization which may issue income tax receipts for contributions. As a Crown Corporation of the Province of Ontario, the Authority is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Authority have been prepared by management in accordance with Canadian generally accepted accounting principles.

(b) Inventories

Maintenance supplies and media tapes are valued at cost where cost is determined on a first-in-first-out basis, net of an allowance for obsolescence.

(c) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Capital assets are amortized on a straight line basis over the following terms beginning the year following acquisition:

Capital Assets	
Building	30 years
Transmitters	17 years
Transmitter Monitoring Equipment	7 years
In House Technical Equipment	7 years
Leasehold Improvements	5 years
Computer Equipment	5 years
Office Furniture & Fixtures	15 years
Office Equipment	10 years
Vehicles	5 years

(d) Revenue Recognition

1. The Authority follows the deferral method of accounting for grants and contributions whereby restricted grants and contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted grants and contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
2. Revenue from grants and contributions restricted for the purchase of capital assets is deferred and amortized over the same period of use as the related capital asset.
3. Revenue from the licensing of program material is recognized when the program material is delivered.
4. Individual donations are recorded on a cash basis. Contributions from corporate sponsors are recognized when the contract is signed, except multi-year contributions that are recognized when the cash is received.
5. Revenue from sponsorship is recognized when the content is broadcast or webcast.
6. Student fees for courses offered by the Independent Learning Centre (ILC) are recognized as revenue at the time of enrolment. Registration fees for General Education Development (GED) are recognized at the time the test is taken by the registrants.

(e) Employee Future Benefits

The Authority accrues its obligations under employee defined benefit pension plans and the related costs, net of plan assets. The following policies have been adopted:

1. The cost of pension benefits and other post retirement benefits is determined by independent actuaries based on management's best the projected benefits method prorated on service.
2. Past service costs and any transitional asset or obligation are amortized over the expected average remaining service period of active plan members.
3. Actuarial gains (losses) are recognized to the extent that they exceed 10% of the greater of the accrued benefit obligation and the fair value of plan assets. Amounts recognized are amortized over the expected average remaining service period of active plan members.
4. The expected return on plan assets is based on the fair value of plan assets.

(f) Broadcast Rights and Production Costs

Broadcast rights and production costs are accounted for as follows:

- Current events and network promotion programs produced by the Authority are expensed in the year the costs are incurred.
- All other programs produced by the Authority and programs licensed under co-production, pre-buy and acquisition contracts are recorded at cost less accumulated amortization. Amortization is calculated on a straight line basis over the following periods:
    - Program licence acquired: term of contract
    - Program produced by the Authority: four years

Notes to Financial Statements

March 31, 2011 *(continued)*

(g) Financial Instruments

The Authority's financial instruments consist of cash, short-term investments including those held for capital renewal, accounts receivable, and accounts payable and accrued liabilities. Under Canadian generally accepted accounting principles financial instruments are classified into one of five categories – available-for-sale, held-for-trading, held-to-maturity, loans and receivables, or other financial liabilities. The Authority classifies its financial assets and liabilities as follows:

- Cash and short-term investments, including those held for capital renewal, are classified as held-for-trading and are measured at fair value. It is management's opinion that their carrying amounts approximate fair value because the investments are not exposed to significant interest rate, liquidity, credit, or currency risks (note 4).
- Accounts receivable are classified as loans and receivables and, due to their short-term maturities, it is Management's opinion that their carrying amount approximates fair value.
- Accounts payable and accrued liabilities are classified as other financial liabilities and, due to their short-term maturities, it is Management's opinion that their carrying amount approximates fair value.

(h) Asset Retirement Obligation

The Authority recognizes a liability for future decommissioning of its transmitter and low power repeat transmitter ("LPRT") facilities.

(i) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. FUTURE ACCOUNTING CHANGES

In December 2010, the Public Sector Accounting Board approved an amendment to the scope of public sector accounting standards, directing government not-for-profit organizations to adhere to the accounting standards applicable to the public sector. The government not-for-profit organizations may also choose to adopt the 4200 series, consisting of specific sections that address issues commonly encountered by not-for-profit organizations. The Authority, which meets the current definition of a government not-for-profit organization, will first report under public sector accounting standards in its financial statement for the year ending March 31, 2013. The Authority is in the process of evaluating whether to adopt the provisions of the 4200 series and the impact it will have on the financial statements.

4. CAPITAL DISCLOSURES AND FINANCIAL INSTRUMENTS

Capital Disclosures

In managing capital, the Authority focuses on its liquid resources – cash, short-term investments, and investments held for capital renewal. The Authority's objectives are to have, at the minimum:

- Cash and short-term investments on hand sufficient to meet obligations that are due within the next 45 days.
- Capital renewal investments sufficient to meet approved expenditures from the capital renewal fund for the current fiscal year.

The Authority believes that these levels of liquid resources provide the flexibility to deal with any unexpected adverse developments and to take advantage of opportunities that may arise.

As at March 31, 2011 the Authority met these objectives.

The Authority does not take any significant risks in its investing activities. The Authority's Statement of Investment Policy and Procedures for Cash Balances stipulates that funds may only be invested in securities issued by or guaranteed as to principal and interest by any province of Canada or Canada or deposit receipts, deposit notes, certificates of deposit, acceptances and other similar instruments issued or endorsed by any chartered bank to which the Bank Act (Canada) applies and whose credit rating is at a minimum equivalent to DBRS' R-1 (middle) on short-term debt and DBRS' AA on senior debt. The Authority is not subject to any externally imposed capital requirements.

Cash and Short-term investments (including those held for capital renewal)

The Authority's investments consist of short-term, high-grade Canadian dollar instruments. Consequently, the Authority is not exposed to significant interest rate, liquidity, or credit risks.

Short-term investments including those held for capital renewal, mature within 365 days, and had an average yield of 1.2% (2010 - 0.6%). U.S. dollar cash totalled $280,000 (2010 - $128,000) and were not large enough at any time during the year to expose the Authority to significant currency risks. These amounts were converted to Canadian dollars using an exchange rate of 0.945 (2010 – 0.99).

Accounts receivable

Given the amount of Authority's accounts receivable and past experience regarding payments, management believes that the Authority is not exposed to significant credit risk. Accounts receivable consist of the following amounts:

($000s)	2011	2010
ILC earned revenue, corporate donations, sales and licensing, tower rentals and transmitter maintenance fees	363	394
HST rebate	544	-
Private sector funding	7	253
Net receivable from OFECA	25	32
Others	312	227
	1,251	**906**

5. EMPLOYEE FUTURE BENEFITS

The pension and other post-employment benefit plans have the following components:

(a) Registered pension plans:

- Main Pension Plan - Most employees of the Authority are members of this plan, which consists of three elements – a non-contributory, defined benefit, best average earnings and years of service element; a contributory, defined contribution element; and a non-contributory, defined contribution element.
- Executive Pension Plan – Executives are members of this non-contributory, defined benefit, best average earnings and years of service plan.

Notes to Financial Statements

March 31, 2011 *(continued)*

(b) Supplementary retirement plan:

- Certain employees are members of this unregistered and non-contributory plan which funds the portion of pension entitlements in excess of the maximum allowed for registered pension plans under the federal Income Tax Act.

The pensions payable under the defined benefit plans are adjusted for inflation based on the consumer price index up to a maximum of 3% per year.

(c) Post-employment benefits plan:

- The Authority offers post-employment benefits such as health care, dental care, and life insurance on a shared cost basis.

The most recent actuarial valuation for funding purposes of the registered defined benefit pension plans was as of January 1, 2009, and the next valuation for funding purposes is no later than January 1, 2012.

Information about the Authority's pension and other benefit plans is presented in the following table.

	Registered Pension Plans		Supplementary Retirement Plan		Post-employment Benefit Plan	
($000s)	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Plan surplus/(deficit) as of January 1:						
Accrued benefit obligation	(96,387)	(80,518)	(553)	(325)	(11,161)	(8,976)
Fair value of plan assets	82,571	77,439	-	-	-	-
	(13,816)	(3,079)	(553)	(325)	(11,161)	(8,976)
Balance of unamortized amounts as of January 1:						
Net transition (asset)/obligation	(3,189)	(4,023)	-	-	553	691
Past service cost	398	501	64	89	-	-
Actuarial (gains)/losses	18,122	7,117	181	73	942	(615)
Contributions – Jan 1 to Mar 31	611	594	-	-	44	27
Accrued pension asset/(liability)	**2,126**	**1,110**	**(308)**	**(163)**	**(9,622)**	**(8,873)**

($000s)	Registered Pension Plans 2011	Registered Pension Plans 2010	Supplementary Retirement Plan 2011	Supplementary Retirement Plan 2010	Post-employment Benefit Plan 2011	Post-employment Benefit Plan 2010
Disclosed in the Statement of Financial Position as:						
Accrued pension asset	2,126	1,110	-	-	-	-
Accounts payable and accrued liabilities	-	-	(308)	(163)	-	-
Employee future benefits	-	-	-	-	(9,622)	(8,873)
Expenses for the year:						
Defined benefit plan	1,380	1,485	137	99	749	633
Defined contribution plan*	392	364	8	6	-	-
Payments made by the Authority						
Benefit plan premiums	-	-	-	-	175	107
Pension plan contributions*	2,788	3,389	-	-	-	-
Termination benefits paid	-	-	-	107	-	-
Payments made from all the plans as of January 1:						
Pension benefits paid	4,014	3,855	-	-	-	-
Termination benefits paid	1,338	1,841	-	-	-	-
Transfers to OFECA	-	7,606	-	-	-	-

* As a result of the January 1, 2009 actuarial valuation, additional contributions were made to the defined benefit plans. Total pension contributions to the Employee Plan and the Executive Plan of the Defined Benefit part was $2,396,000 (2010 - $3,025,000). Total cash contributions of $392,000 (2010- $364,000) to the Defined Contribution part of the registered plans were expensed and allocated to major functional groups.

Notes to Financial Statements

March 31, 2011 *(continued)*

The significant assumptions adopted in measuring the accrued benefit obligations and pension expenses are as follows:

	Registered Pension Plans		Supplementary Retirement Plan		Post-employment Benefit Plan	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Discount rate to determine the accrued benefit obligation	5.20%	6.30%	5.20%	6.30%	5.20%	6.30%
Discount rate to determine the benefit cost	6.30%	7.30%	6.30%	7.30%	6.30%	7.30%
Investment return	6.50%	6.50%	N/A	N/A	N/A	N/A
Pension indexation	2.50%	2.50%	2.50%	2.50%	-	-
Salary rate increase	3.50%	3.50%	3.50%	3.50%	3.50%	N/A
Health cost rate increase	N/A	N/A	N/A	N/A	7.50%	7.00%
Dental cost rate increase	N/A	N/A	N/A	N/A	4.50%	4.50%
Average remaining service lifetime	11-13	11	11	12	13	11

The health cost rate increase assumption is expected to decrease to 5% by 2016.

Defined benefit plan assets as at January 1 measurement date consisted of:

	Percentage of Total Fair Value of Plan Assets	
	2011	**2010**
Asset category		
Equity securities	56%	57%
Debt securities	39%	38%
Real estate fund	5%	5%

6. INVESTMENTS HELD FOR CAPITAL RENEWAL

To ensure that the Authority's technical capital assets keep pace with technological changes and can be maintained or replaced when needed, the Capital Renewal Fund was established in 1984. The Authority has set aside up to 2% of the funding received as contribution to the Capital Renewal Fund. Available funds were invested in short-term deposits that earned an average interest rate of 1.1% (2010 – 0.6%) during the fiscal year. The changes in the fund were as follows:

($000s)	2011	2010
Balance, beginning of year	5,692	7,757
Digital Over The Air project funding – Ministry of Education	655	-
Master Control Rebuild project expenses – Ministry of Education	(268)	(1,360)
Digital Conversion project expenses – Ministry of Education	(538)	(733)
Interest earned	55	28
	5,596	**5,692**

7. NET CAPITAL ASSETS AND ASSET RETIREMENT OBLIGATION

Capital assets consist of the following:

			2011	2010
($000s)	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	186	-	186	186
Buildings	4,812	4,026	786	897
Transmitters	23,966	22,446	1,520	1,555
Transmitter monitoring equipment	4,834	4,616	218	325
In house technical equipment	29,611	21,248	8,363	9,872
Leasehold improvements	8,436	6,829	1,607	2,624
Computer equipment	8,250	5,476	2,774	2,714
Office furniture and fixtures	1,884	754	1,130	1,235
Office equipment	975	869	106	127
Vehicles	594	427	167	184
	83,548	**66,691**	**16,857**	**19,719**

Notes to Financial Statements

March 31, 2011 *(continued)*

Asset Retirement Obligation

The Authority recognized a liability for future decommissioning of its transmitter and low power repeat transmitter (LPRT) facilities. All LPRTs are situated on leased premises and, as these lease contracts may not be renewed, the Authority will recognize the full decommissioning expense by the end of the leases, most of which expire by 2012. In determining the fair value of its asset retirement obligations, the Authority discounted the associated cash flows at 5.8% as set out in the table below. The total undiscounted amount of the estimated future obligations is $992,000 (2010- $1,272,000).

($000s)	2011	2010
Opening balance	1,136	1,075
Accretion expense	(108)	61
Retirement of LPRTs	(91)	-
Closing balance	**937**	**1,136**

8. BROADCAST RIGHTS AND PRODUCTION COSTS

Broadcast rights and production costs consist of the following:

			2011	2010
($000s)	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Broadcast rights and completed productions	37,783	23,905	13,878	14,899
Work in progress	1,942	-	1,942	2,263
	39,725	**23,905**	**15,820**	**17,162**

Amortization expense for the year was $9,151,000 (2010 - $10,163,000) and is included in Content and Programming expense.

9. DEFERRED REVENUE

($000s)	2011	2010
ILC - MED grant and provincial project funding (note 17)	1,099	406
Transmitter tower rental and maintenance	218	255
Sponsorship revenue	202	284
Corporate project funding (note 12)	152	338
Other	85	91
	1,756	**1,374**

Expenditures related to the above deferrals have been budgeted for the 2012 fiscal year.

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent contributions received for the purchase of capital assets and are recorded as revenue (amortization of deferred capital contributions) in the Statement of Operations when the related capital assets are amortized. The changes in the deferred contributions balance are as follows:

($000s)	2011	2010
Deferred capital contributions, beginning of year	16,052	19,364
Capital assets funded by Ministry of Education grant		
Master Control Rebuild and Digital Conversion projects	572	1,387
Digital Over The Air project	239	-
Project funding deferred to next year		
Digital Over The Air project	655	-
Master Control Rebuild and Digital Conversion projects	-	806
Project funding deferred from prior year	(806)	(2,899)
Interest earned	55	27
Amortization of deferred capital contributions to revenue	(2,266)	(2,633)
Deferred capital contributions, end of year	**14,501**	**16,052**

Grants for the Digital Conversion project and Master Control Rebuild project were provided by the Ministry of Education to replace existing production plant and equipment with digital technology. These projects were completed in 2011.

The Canadian Radio-television and Telecommunications Commission (CRTC) has required local television stations in certain areas to stop broadcasting in analog and start broadcasting in digital by August 31, 2011. The Authority received $1 million grant from the Ministry of Education in 2011 to initiate the process of converting TVO transmitters located in Kitchener, London, Ottawa, Thunder Bay, Toronto, Windsor, Cloyne, Belleville, and Chatham into digital.

Notes to Financial Statements

March 31, 2011 *(continued)*

11. GOVERNMENT OPERATING GRANTS

($000s)	2011	2010
Provincial		
Ministry of Education		
Base grant	41,776	36,040
Capital maintenance grant	1,600	1,600
	43,376	**37,640**

12. GOVERNMENT AND CORPORATE PROJECT FUNDING

($000s)	2011	2010
Provincial project funding		
Ministry of Education (MED)		
Digital Over The Air	1,000	-
Digital Conversion	-	600
Funding deferred to future year (note 10)	(655)	-
Deferred capital contribution	(4)	706
	341	**1,306**
Corporate project funding		
Funding received during the year	7	497
Funding deferred from prior year (note 9)	338	414
Funding deferred to future year (note 9)	(152)	(338)
	193	**573**
Total government and corporate project funding	**534**	**1,879**

13. OTHER EARNED REVENUE AND COST

	2011			2010		
($000s)	**Revenue**	**Cost**	**Net Revenue**	**Revenue**	**Cost**	**Net Revenue**
Individual and corporate donations	4,873	2,672	2,201	5,180	2,263	2,917
Revenue from OFECA (note 18)	68	-	68	70	-	70
Tower rental and transmitter maintenance	1,532	-	1,532	1,430	-	1,430
Interest income and foreign exchange gain and loss	241	-	241	118	-	118
Sales and Licensing	314	131	183	278	191	87
Property tax rebate program for charities	255	-	255	276	-	276
Asset disposal	3	-	3	40	-	40
Others	4	-	4	27	-	27
	7,290	**2,803**	**4,487**	**7,419**	**2,454**	**4,965**

Notes to Financial Statements

March 31, 2011 *(continued)*

14. EXPENSES

a) Allocated Expenses

The Authority allocates certain general expenses to major activities on the following bases:

Building cost – based on floor area occupied by the activity
Cost of mailing, shipping and printing – based on usage

Total general expenses allocated to major functional groups are as follows:

($000s)	2011	2010
Content and programming	1,476	1,438
Technical and production support services	787	725
Independent Learning Centre	629	622
Management and general	618	582
Cost of other earned revenue	94	90
	3,604	**3,457**

b) Expenses by Type

The Statement of Operations reports on expenses by activity. Expenses by type during the fiscal year are as follows:

($000s)	2011	2010
Salaries and wages	28,260	27,280
Employee benefits	5,376	6,827
Employee future benefits	2,274	2,223
Licences and other	8,451	8,419
Facilities	4,892	4,744
Transportation & Communication	2,323	2,531
Other services	6,893	6,676
Supplies and equipment	1,205	1,203
Amortization of capital assets and accretion expense	4,723	5,195
	64,397	**65,098**

15. COMMITMENTS

The Authority has entered into operating leases covering transmission facilities, offices, warehouses and equipment. Future lease payments are as follows:

Year ending March 31 ($000s)	Head Office Space	Others	Total
2012	1,254	822	2,076
2013	1,323	602	1,925
2014	1,373	375	1,748
2015	1,362	323	1,685
2016	1,307	156	1,463
2017 and beyond	16,081	93	16,174
	22,700	**2,371**	**25,071**

The lease of head office space expires on August 31, 2027

16. CONTRIBUTED MATERIALS AND SERVICES

The Authority benefits from the services of volunteers primarily in the Donations area. The Authority also receives contributions of materials for use mainly in fundraising activities. Due to the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements.

17. THE INDEPENDENT LEARNING CENTRE

Under the terms of an agreement with the Ministry of Education and the Ministry of Training, Colleges and Universities, the Independent Learning Centre (ILC) was transferred to the Authority in 2002.

The ILC provides a wide range of distance education credit courses, in English and in French that allows individuals to earn secondary school diploma credits or to obtain additional credits for post-secondary entry. The General Education Development (GED) testing is also available through the ILC.

Notes to Financial Statements

March 31, 2011 *(continued)*

Funding for these activities includes a grant from the Ministry of Education and ILC earned revenues. The portion of the grant that has been identified for specific projects is deferred until the related expenses have been incurred.

($000s)	2011	2010
Activities were funded by:		
Ministry of Education ILC grant	6,421	6,421
Homework Help project	2,320	1,000
Funding deferred from prior year (note 9)	406	105
Funding deferred to future year (note 9)	(1,099)	(406)
ILC grant and project funding recognized	**8,048**	**7,120**
ILC earned revenues	2,992	2,864
Total ILC grant, project funding and earned revenue	**11,040**	**9,984**
Expenses during the year:		
Salaries and benefits	7,293	6,919
Transportation and communication	602	727
Services	1,095	744
Allocated general expenses (note 14)	629	622
Licences	293	358
Supplies, equipment and others	201	143
Total ILC expenses	**10,113**	**9,513**
ILC contribution to overhead	**927**	**471**

Direct expenses related to the funding deferred to future year have been budgeted for the 2012 fiscal year.

18. CONTINGENCIES

Contingencies refer to possible legal claims that have been made by or against the Authority, the ultimate outcome of which cannot be predicted with certainty. Management does not expect that the outcome of the claims against the Authority will have a material and adverse effect on its results and does not believe any provisions for losses are necessary at this time. No amounts have been recognized in the accounts for claims made by the Authority. Any settlements will be accounted for at the time of settlement.

19. RELATED PARTY TRANSACTIONS

The Authority is a Crown Corporation of the Province of Ontario and is therefore a related party to other organizations that are controlled by or subject to significant influence by the Province. During 2011, the Authority received revenue for transmitter maintenance services and expense reimbursements from the Ontario French-language Educational Communications Authority (OFECA). In addition to its transactions with the OFECA, the Authority received sponsorship revenue from Provincial ministries and agencies, and revenue from Ontario school boards for Independent Learning Centre (ILC) course fees and sales of educational materials. These transactions were recorded at exchange amounts agreed to by the related parties.

Non-grant revenue received from related parties during the year are as follows:

($000s)	2011	2010
School boards	1,099	1,007
Provincial ministries	124	402
OFECA	68	70
Others	165	20
	1,456	**1,499**

In addition, OFECA reimbursed $73,000 (2010 - $84,000) to the Authority for satellite telecommunication, utilities and other charges. Amounts receivable from OFECA as of March 31, 2011 totalled $25,000 (2010 - $32,000).

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